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*Market Administrator's*

# BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

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## MILK FOR MANUFACTURING 1966 and 1967

The Dairy Situation, Economic Research Service USDA September, 1967

Although milk production declined slightly in the second quarter of 1967 from a year earlier, milk used in the major manufactured dairy products increased by 5 percent. Production of butter, American cheese, nonfat dry milk, and ice milk increased. Output of other cheese, evaporated milk, condensed milk, and ice cream declined. Butter production in the second quarter was up about 13 percent from a year earlier. However, the second quarter gain from a year earlier in American cheese output was only 3 percent, down from the 17 percent first quarter gain.

Lower sales of fluid milk and cream products, and slightly higher milk marketings in the first half of 1967 made more milk available for manufacturing than a year earlier. Most of the increase has moved into butter.

Output of manufactured products in continuing above a year earlier in the third quarter of 1967. In July, butter production was up about 26 percent and American cheese gained about 6 percent from a year earlier.

For the first 3 weeks of August, butter production was up 20 percent and American cheese increased by 7 percent, based on weekly production data.

Assuming that milk marketings in the second half of 1967 will be about the same as a year earlier and that fluid milk sales (milk equivalent basis) will be down about 1 percent, milk available for manufacturing will increase less from a year earlier than in the first half of 1967. This would bring milk used for manufacturing in 1967, 3 to 4 percent above 1966.

U. S. manufactured dairy products used a net total of 57.9 billion pounds of milk in 1966, down 6.2 percent from the 61.7 billion in 1965. Manufactured products accounted for 48 percent of the 1966 milk production, compared with 50 percent during the previous year. This is a revised estimate based on the annual enumeration of all manufactured dairy products by the Statistical Reporting Service. New production records were set for Cheddar cheese, other

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## 1966-67 DAIRY EXPORTS DOWN FROM THE PREVIOUS YEAR

The Dairy Situation, Economic Research Service,  
USDA September, 1967

U.S. dairy product exports from the year ending June 30 amounted to \$123 million, down 29 percent from a year earlier. Most of the decline was due to nonfat dry milk exports, which at 373 million pounds, were about half those of a year earlier, and to the drop in butter exports to 0.4 million pounds from 6.6 million a year earlier. The 1966/67 decline in U.S. exports occurred because U.S. supplies for export fell below a year earlier, and world supplies of milk-fat were plentiful for commercial needs. However, during the first half of 1967, production of manufactured products and supplies were available for export increased from the same period of 1966.

Prospects are that 1967/68 supplies for export will exceed those of 1966-67, and that U.S. exports will increase. However, larger-than-normal world stocks have caused substantial subsidization of dairy exports, particularly butter, by other countries. In some instances, butter has been available for export to the United States below 20 cents per pound. In the face of these world market conditions, there will be a little or no commercial demand for butter or high butterfat products in the export market.





*Columbus*

**MARKET FACTS FOR EASY REFERENCE**

**PRICE SUMMARY**

Producers' Uniform Price (3.5%) .....	\$5.59	\$5.33	\$5.90
Class I (3.5%) .....	5.70	5.88	5.89
Class II (3.5%) .....	3.93	3.94	4.29
Producer Butterfat Differential for each one-tenth percent .....	9.4¢	9.4¢	9.8¢

**UTILIZATION SUMMARY**

Percent of Producer Milk in Class I .....	83.9	71.8	87.7
Percent of Producer Butterfat in Class I .....	79.2	69.9	83.4
Percent of Producer Milk in Class II .....	16.1	28.2	12.3
Percent of Producer Butterfat in Class II .....	20.8	30.1	16.6

**PRODUCER MILK RECEIPTS**

Total Pounds Producer Milk Delivered .....	42,100,424	43,827,346	40,088,926
Average Daily Class I Producer Milk .....	1,196,390	1,026,135	1,243,620
Total Number of Producers .....	1,576	1,569	1,496
Average Daily Receipts per Producer .....	890	901	893
Average Butterfat Test .....	3.65	3.55	3.64
Total Value of Producer Milk at Test .....	\$2,323,246	\$2,349,928	\$2,328,095
Income per Producer (7 Day Average) .....	\$345	\$338	\$363

**GROSS CLASS USE (Pounds)**

Class I Skim .....	34,116,727	30,396,416	33,955,999
Class I Butterfat .....	1,215,741	1,086,218	1,216,572
Class I Milk .....	35,332,468	31,482,634	35,172,571
Class II Skim .....	6,448,230	11,876,025	4,674,362
Class II Butterfat .....	319,726	468,689	241,992
Class II Milk .....	6,767,956	12,344,712	4,916,354

**AVERAGE DAILY SALES (Quarts)**

Milk .....	416,955	365,642	426,459
Buttermilk .....	5,184	5,686	6,283
Chocolate .....	31,507	16,224	33,135
Skim .....	10,728	9,430	10,870
Cream .....	5,953	6,056	7,442

COMPARATIVE STATISTICS

COLUMBUS MARKETING AREA

SEPT., 1958 - '67

Year	Receipts From Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1958	22,663,422	3.71	87.8	8.8	1.0	2.4	4.41	4.472	4.072	3.972	3.022	1,768	427
1959	24,655,540	3.65	92.2	5.7	.8	1.3	4.88	4.584	4.184	3.866	3.167	1,732	475
1960	26,321,725	3.63	85.7	8.6	2.1	3.6	4.77	4.556	4.156	3.851	3.097	1,611	545
1961	27,490,420	3.58	83.0	8.9	3.8	4.3	4.86	4.684	4.284	3.926	3.253	1,229	746
1962	31,068,029	3.65	83.4	7.5	3.1	6.0	4.61	4.43	4.028	3.695	3.146	1,350	767
1963	33,575,439	3.60	87.9	7.4	2.4	2.3	4.76	4.49	4.093	3.818	3.145	1,361	822
1964	41,187,265	3.64	86.2	13.8	—	—	4.54	4.50	3.240	—	—	1,651	832
1965	42,238,515	3.63	85.0	15.0	—	—	4.84	4.88	3.290	—	—	1,642	858
1966	40,088,926	3.60	87.7	12.3	—	—	5.90	5.89	4.29	—	—	1,496	893
1967	42,100,424	3.65	83.9	16.1	—	—	5.59	5.70	3.93	—	—	1,567	890

## USDA Price Support Operations

The Dairy Situation, Economic Research Service, USDA September, 1967

During the first 8 months of 1967, USDA removed dairy products from the commercial market equivalent to about 6.7 billion pounds of milk, about 8 percent of milk marketed by farmers. During the same period of 1966, less than 0.2 billion pounds were removed by USDA programs.

The 6½ billion pound (milk equivalent) increase in surplus was largely due to the drop in sales of milk in all dairy products, plus slightly larger marketings, increased dairy imports, and a smaller build-up in commercial stocks than a year earlier.

Purchases of butter (delivery basis) this year through August were 253 million pounds, up from 9 million pounds a year earlier. Cheese

purchases totaled 127 million pounds, compared with none in 1966. Nonfat dry milk deliveries were 528 million pounds, about double the amount bought in the first 8 months of 1966.

By mid-August, CCC butter purchases slowed seasonally, as wholesale prices moved above the support purchase price.

Domestic and foreign donations of dairy products by USDA have been above year earlier levels because CCC supplies have been larger. Much of the cheese and nonfat dry milk purchased so far this year has moved into program uses. However, only about one-third of the butter purchased during January-August was used in programs; the rest moved

into storage. However, a substantial quantity of storage holdings has been earmarked for program use in the October-December quarter. In early July, butter and cheese were added to the list of commodities available for donation to needy persons.

In July and August, USDA purchased 28.5 million pounds of blended food product—Formula No. 2—for donation overseas through voluntary agencies and the Agency for International Development (AID) Program. Formula No. 2 of the blended food product contains mostly cornmeal and soy flour, but it also contains 5 percent nonfat dry milk, and is fortified with vitamins and minerals.

## Commercial Sales Continue Lower Than A Year Earlier

The Dairy Situation, Economic Research Service USDA September, 1967

Preliminary data for January-July 1967 indicate that commercial disappearance of milk in fluid and manufactured dairy products was 65.3 billion pounds, about 5 percent below the same period of 1966. Commercial disappearance includes civilian and military purchases for domestic and foreign use. It includes CCC donations of butter, cheese, and nonfat dry milk and farm household use of home-produced milk and butter. Commercial disappearance is a residual figure and therefore it is affected by any inaccuracies in esti-

imating production and stocks, and also the lack of information on stocks of butterfat-sugar mixtures, except those for July 1, 1967.

Based on available data from selected State and Federal milk marketing areas, January-June 1967 use of milk in fluid products, on a product weight basis, was down about 1 percent from a year earlier. However, on a milk equivalent basis, the decline was about 2 percent. Increased sales of fluid skim milk items partially offset lower sales of fluid whole milk and cream items. During

the first half of 1967 sales of manufactured dairy products were estimated down 6 to 7 percent from the same period of 1966.

The commercial disappearance calculations assume all imported butterfat-sugar mixtures moved into consumption rather than storage and thereby somewhat overstate disappearance. On July 1, 1967, there were 62.6 million pounds of these mixtures in storage (equivalent to about 0.7 billion pounds of milk). The quantities held on January 1, 1967, and in 1966, are not known.



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THE  
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types of American whole milk cheese, Italian, Swiss, and Blue-mold cheeses, unsweetened condensed skim milk (bulk), dried whey, crude milk sugar, ice milk, and milk sherbet.

Creamery butter production totaled 1,112 million pounds in 1966, 16 percent below 1965 and the smallest output since 1920. American cheese output was 1,221 million pounds over 5 percent above a year earlier, and other types of cheeses totaled 635 million pounds, up 6 percent.

Evaporated milk output in 1966, at 1,696 million pounds, was just slightly above 1965. Canned sweetened condensed whole milk was up 34 percent in 1966, reflecting increased export demand. Although bulk sweetened condensed whole milk was up slightly from 1965, bulk plain condensed whole milk fell 9 percent last year. This brought total output of condensed whole milk to 489 million pounds, 1 percent above 1965. Nonfat dry milk, reflecting lower butter output, decreased 20 percent to 1,595 million pounds, the lowest level since 1956. Frozen dessert production was a record 1,098 million gallons in 1966, about 1 percent above 1965. A drop of 1 percent in ice cream production was more than offset by a 4 percent gain in ice milk and 5 percent in milk sherbet output.

## Market Quotations

SEPTEMBER

1967

MINNESOTA-WISCONSIN PRICE SERIES .....	\$3.97
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus) .....	3.93
Average Price per lb. 92-score butter at Chicago .....	.6713
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants. ....	.1937

## Federal Order Summary

The Dairy Situation, Economic Research Service USDA September, 1967

**Producer Deliveries and Class I Sales:** Producer deliveries of milk to handlers regulated under 66 comparable Federal milk orders totaled 24.9 billion pounds for the first half of 1967. They were 1 percent larger than deliveries during the first half of 1966. In July, deliveries were 1.9 percent above those of July 1966.

First-half 1967 Class 1 sales by Federal order handlers were 2.6 percent below the same period of 1966. July Class 1 sales of producer milk were down 5.2 percent from July 1966.

As a result of declining Class I sales and increasing producer deliveries, the percentage of producer deliveries used for Class I purposes averaged 62 percent during January-June 1967, down from 64 percent a year earlier. July's Class I utilization was 59 percent, compared with 64 percent during last July.

January-June in-area fluid sales on a product weight basis were about 1 percent below a year earlier.

**Prices:** During the first half of 1967, Class I prices for comparable markets averaged \$5.90 per 100 pounds, up 55 cents from January-June 1966. Blend prices paid to producers for the same markets averaged \$5.07 through June, 41 cents higher than a year earlier. The increase in prices was influenced by elimination of seasonal declines in some markets, increased Class I differentials, and a guaranteed minimum basic formula price of \$4.05 per 100 pounds through April 1968.

**Number of Producers and Average Deliveries:** The average number of producers shipping to Federal order plants continued its downtrend. The number of producers in comparable Federal order markets in the first half of 1967 was 4.8 percent below the same period in 1966. However, the effect of this decline was offset by an increase in average daily producer deliveries to 1,094 pounds or January-June 1967, a 5.9 percent increase over the same period in 1966.